

Message Text

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12

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COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

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DRAFTED BY EB/OT/TA:WGBARRACLOUGH:JMN

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TO AMEMBASSY ROME

INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, GATT, EC, IT

SUBJECT: GATT ARTICLE XXIV:6 - KRAFT PAPER

REF: ROME 10330

1. WE APPRECIATE EMBASSY'S EFFORTS IMPRESS ON ITALIANS
NEED FOR ACCEPTABLE OFFER IN ARTICLE XXIV:6 NEGOTIATIONS ON
KRAFT PAPER. SINCE THIS AMONG FEW ITEMS ON EC'S PROPOSED
OFFER (NOW GENERALLY KNOW PUBLICLY) WHICH IS OF INTEREST
TO US, A DUTY-FREE QUOTA WHICH NOT ONLY LESS THAN US
REQUEST BUT LESS THAN EC REPORTEDLY NOW CONSIDERING WOULD
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HAVE DELETERIOUS PSYCHOLOGICAL AND POLITICAL IMPACT ON

WHOLE ARTICLE XXIV:6 NEGOTIATIONS.

2. UNDER EC-EFTA FREE TRADE AGREEMENTS ITALY ALREADY COMMITTED TO EVENTUAL DUTY-FREE TREATMENT OF KRAFT PAPER TO MAJOR US COMPETITORS IN ITALIAN MARKET (I.E. SWEDEN AND FINLAND). IF, AS WE UNDERSTAND, DUTY REDUCTION IS TO BE PHASED AS WITH EFTA COUNTRIES SO AS NOT TO REACH ZERO UNTIL 1984, ITALIAN PRODUCERS HAVE CONSIDERABLE TIME OVER WHICH MAKE NECESSARY ADJUSTMENTS. A QUOTA LIMITED TO 400,000 TONS WOULD BE LESS THAN ONE-THIRD OF EXISTING VOLUME US/CANADIAN TRADE WITH EC AND HAVE EFFECT OF DISADVANTAGING NORTH AMERICAN INDUSTRY VIS A VIS

SCANDINAVIANS. IN ADDITION IT COULD HAVE EFFECT OF LIMITING AVAILABILITIES AND INCREASING COSTS TO EC USERS OF KRAFT PAPER.

3. FYI. DR. IRENE MEISTER OF THE AMERICAN PAPER INSTITUTE IS CURRENTLY IN EUROPE AND MAY GET IN TOUCH WITH EMBASSY CONCERNING RELATIVE POSITIONS NORTH AMERICAN AND SCANDINAVIAN INDUSTRIES IN ITALIAN MARKET. END FYI. KISSINGER

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